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|-----------------------------|--|------------------------|---------------------------|
| <b>State:</b>               | District of Columbia                               | <b>Filing Company:</b> | Federal Insurance Company |
| <b>TOI/Sub-TOI:</b>         | 17.0 Other Liability-Occ/Claims Made/17.0022 Other |                        |                           |
| <b>Product Name:</b>        | SeaFire Automotive and Vehicle Dealers Application |                        |                           |
| <b>Project Name/Number:</b> | /15-PL-170-F                                       |                        |                           |

## Filing at a Glance

|                           |   |
|---------------------------|---|
| Company:                  | Federal Insurance Company   |
| Product Name:             | SeaFire Automotive and Vehicle Dealers Application  |
| State:                    | District of Columbia  |
| TOI:                      | 17.0 Other Liability-Occ/Claims Made  |
| Sub-TOI:                  | 17.0022 Other   |
| Filing Type:              | Form  |
| Date Submitted:           | 09/02/2015  |
| SERFF Tr Num:             | CHUB-130223491  |
| SERFF Status:             | Assigned  |
| State Tr Num:             |   |
| State Status:             |   |
| Co Tr Num:                | 15-PL-170-F   |
| Effective Date            | On Approval   |
| Requested (New):          |   |
| Effective Date            | On Approval   |
| Requested (Renewal):      |   |
| Author(s):                | Donna Daigle, Desirae Bartlett, Deborah Follert, Christina Cresenzi, Janel Henry, Christopher Alibrio |
| Reviewer(s):              | Angela King (primary)   |
| Disposition Date:         |   |
| Disposition Status:       |   |
| Effective Date (New):     |   |
| Effective Date (Renewal): |   |

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| <b>TOI/Sub-TOI:</b>         | 17.0 Other Liability-Occ/Claims Made/17.0022 Other |                        |                           |
| <b>Product Name:</b>        | SeaFire Automotive and Vehicle Dealers Application |                        |                           |
| <b>Project Name/Number:</b> | /15-PL-170-F                                       |                        |                           |

## General Information

|                                       |                                   |
|---------------------------------------|-----------------------------------|
| Project Name:                         | Status of Filing in Domicile:     |
| Project Number: 15-PL-170-F           | Domicile Status Comments:         |
| Reference Organization:               | Reference Number: N/A             |
| Reference Title: N/A                  | Advisory Org. Circular: N/A       |
| Filing Status Changed: 09/02/2015     |                                   |
| State Status Changed:                 | Deemer Date:                      |
| Created By: Deborah Follert           | Submitted By: Christopher Alibrio |
| Corresponding Filing Tracking Number: |                                   |

### Filing Description:

In accordance with the laws of the state, we are filing the enclosed application.

## Company and Contact

### Filing Contact Information

|   |                      |
|---|----------------------|
| Christopher Alibrio, State Filing Analyst | calibrio@chubb.com   |
| 82 Hopmeadow Street                       | 860-408-2193 [Phone] |
| Simsbury, CT 06070                        | 860-408-2139 [FAX]   |

### Filing Company Information

|                                   |                           |                            |
|-----------------------------------|---------------------------|----------------------------|
| Federal Insurance Company         | CoCode: 20281             | State of Domicile: Indiana |
| 202 Hall's Mill Road              | Group Code: 38            | Company Type:              |
| P.O. Box 1650                     | Group Name: Chubb Inc Grp | State ID Number:           |
| Whitehouse Station, NJ 08889-1650 | FEIN Number: 13-1963496   |                            |
| (908) 572-4422 ext. [Phone]       |                           |                            |

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## Filing Fees

|                  |    |
|------------------|----|
| Fee Required?    | No |
| Retaliatory?     | No |
| Fee Explanation: |    |

|                             |  |                        |                           |
|-----------------------------|--|------------------------|---------------------------|
| <b>State:</b>               | District of Columbia                               | <b>Filing Company:</b> | Federal Insurance Company |
| <b>TOI/Sub-TOI:</b>         | 17.0 Other Liability-Occ/Claims Made/17.0022 Other |                        |                           |
| <b>Product Name:</b>        | SeaFire Automotive and Vehicle Dealers Application |                        |                           |
| <b>Project Name/Number:</b> | /15-PL-170-F                                       |                        |                           |

## Form Schedule

| Item No. | Schedule Item Status | Form Name   | Form Number | Edition Date | Form Type | Form Action | Action Specific Data | Readability Score | Attachments    |
|----------|----------------------|---|-------------|--------------|-----------|-------------|----------------------|-------------------|----------------|
| 1        |                      | SeaFire Automotive and Vehicle Dealers New Business Application | 14-03-1451  | 08/2015      | ABE       | New         |                      | 0.000             | 14-03-1451.pdf |

### Form Type Legend:

|            |  |            |                                  |
|------------|--|------------|----------------------------------|
| <b>ABE</b> | Application/Binder/Enrollment                | <b>ADV</b> | Advertising                      |
| <b>BND</b> | Bond   | <b>CER</b> | Certificate                      |
| <b>CNR</b> | Canc/NonRen Notice                           | <b>DEC</b> | Declarations/Schedule            |
| <b>DSC</b> | Disclosure/Notice                            | <b>END</b> | Endorsement/Amendment/Conditions |
| <b>ERS</b> | Election/Rejection/Supplemental Applications | <b>OTH</b> | Other                            |

**BY COMPLETING THIS NEW BUSINESS APPLICATION THE APPLICANT IS APPLYING  
FOR COVERAGE WITH FEDERAL INSURANCE COMPANY (THE "COMPANY")**

**NOTICE: THE LIABILITY COVERAGE PARTS PROVIDE CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO "CLAIMS" FIRST MADE DURING THE "POLICY PERIOD", OR ANY APPLICABLE EXTENDED REPORTING PERIOD.**

**THE LIMIT OF LIABILITY TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED AND MAY BE EXHAUSTED BY "DEFENSE COSTS", AND "DEFENSE COSTS" WILL BE APPLIED AGAINST THE RETENTION. IN NO EVENT WILL THE COMPANY BE LIABLE FOR "DEFENSE COSTS" OR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT IN EXCESS OF THE APPLICABLE LIMIT OF LIABILITY. READ THE ENTIRE NEW BUSINESS APPLICATION CAREFULLY BEFORE SIGNING.**

**NEW BUSINESS APPLICATION INSTRUCTIONS**

1. Whenever used in this New Business Application, the term "**Applicant**" shall mean the parent organization and all subsidiaries, unless otherwise stated.
2. Please attach the following for the requested coverages as indicated below:

Directors & Officers and Entity Liability Coverage:

- (a) Most recent annual financial statement, audited if outside audits are performed
- (b) List of directors and senior executive officers by name and outside affiliation, if applicable

Employment Practices Liability Coverage:

- (a) For any **Applicant** with more than 500 employees:
  - i. Employee handbook
  - ii. Employment application form
  - iii. Most recent EEO-1 Report
- (b) For any **Applicant** with more than 1000 employees: most recent annual financial statement, audited if outside audits are performed

Fiduciary Liability Coverage

If the **Applicant** has a defined benefit plan, please attach the most recent annual financial statement, audited if outside audits are performed.

3. All **Applicants** must complete the relevant sections of this Application and of the Supplemental Application in accordance with the specific coverages being requested.

**I. NAME, ADDRESS AND CONTACT INFORMATION**

1. Name of **Applicant**: \_\_\_\_\_
2. Address of **Applicant**: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_
3. **Applicant** Web Site(s): \_\_\_\_\_
4. Name and address (if different than above) of Primary Contact (Executive Officer authorized to receive notices and information regarding the proposed policy):  
Name: \_\_\_\_\_ Title: \_\_\_\_\_ Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ Telephone: \_\_\_\_\_ e-Mail: \_\_\_\_\_
5. For Employment Practices Loss Prevention eligibility, indicate the individual responsible for human resources or employment law matters:  
Name: \_\_\_\_\_ Title: \_\_\_\_\_ Telephone: \_\_\_\_\_ e-Mail: \_\_\_\_\_

6. Operations of **Applicant** (Check one): Franchised Automotive Dealer ☐ Independent Auto Dealer ☐  
Recreational Vehicle Dealer ☐ Motorcycle Dealer ☐

7. Please provide a complete list of the following (if applicable):

Franchisor:

1. \_\_\_\_\_  
2. \_\_\_\_\_  
3. \_\_\_\_\_

Franchisee:

1. \_\_\_\_\_  
2. \_\_\_\_\_  
3. \_\_\_\_\_

## II. INSURANCE INFORMATION

1. Please indicate below, by placing an "X" in the box, which coverages are being requested and complete relevant portions of this Application and the Supplemental Application as applicable.

| Application                     | Coverage Requested   | Limit Requested | Limit Currently Purchased | Retention Currently Purchased | Current Insurer |
|---------------------------------|--|-----------------|---------------------------|-------------------------------|-----------------|
| <b>New Business Application</b> | <input type="checkbox"/> Directors & Officers and Entity Liability | \$              | \$                        | \$                            |                 |
|                                 | <input type="checkbox"/> Employment Practices Liability            | \$              | \$                        | \$                            |                 |
|                                 | <input type="checkbox"/> Fiduciary Liability                       | \$              | \$                        | \$                            |                 |
|                                 | <input type="checkbox"/> Crime                                     | \$              | \$                        | \$                            |                 |
|                                 | <input type="checkbox"/> Kidnap Ransom and Extortion               | \$              | \$                        | \$                            |                 |
| <b>Supplemental Application</b> | <input type="checkbox"/> CyberSecurity                             | \$              | \$                        | \$                            |                 |
|                                 |  |                 |                           |                               |                 |
|                                 |  |                 |                           |                               |                 |
|                                 |  |                 |                           |                               |                 |

2. If the **Applicant** is applying for any Liability Coverage Part(s) as indicated in Section II, Question 1. above, please attach a copy of all applications containing a signed warranty and any other warranty statements completed in the past 3 years and submitted to any prior insurers. Please note, Cyber Security includes a Liability Coverage Part.

## III. GENERAL RISK INFORMATION

1. State of incorporation: \_\_\_\_\_ Years of operation: \_\_\_\_\_
2. Nature of the **Applicant's** business: \_\_\_\_\_
3. Primary SIC Code: \_\_\_\_\_
4. Are there any subsidiaries with operations that are unrelated to the primary business of the **Applicant**? ☐ Yes ☐ No  
If "Yes", please attach an explanation.
5. Is this organization formed as a partnership or limited partnership or does it or any of its subsidiaries act as a general partner for another organization? ☐ Yes ☐ No  
If "Yes", please complete the Risk Information for Partnerships in a Supplemental Application.
6. Please complete the following information: Total worldwide employees: \_\_\_\_\_

7. (a) Has the **Applicant** in the last 12 months completed any:
- (i) Merger, acquisition, or divestment? ☐ Yes ☐ No
  - (ii) Change in outside auditors? ☐ Yes ☐ No
  - (iii) Reorganization or arrangement with creditors under federal or state law? ☐ Yes ☐ No
  - (iv) Branch, location, facility, office, or subsidiary closings, consolidations or layoffs or reductions in workforce? ☐ Yes ☐ No
- (b) Is the **Applicant** currently anticipating any of the above? ☐ Yes ☐ No

If the **Applicant** answered "Yes" to any part of Question 7, please attach an explanation.

8. (a) Please indicate total REVENUES at most recent fiscal year end: \_\_\_\_\_
- (b) Additional Financial Information: Please provide the following information for the **Applicant's** most recent fiscal year end (indicate month/year): \_\_\_\_\_ Month \_\_\_\_\_ Year

|                                     |    |
|-------------------------------------|----|
| Current Assets                      | \$ |
| Total Assets                        | \$ |
| Current Liabilities                 | \$ |
| Long Term Debt                      | \$ |
| Total Liabilities                   | \$ |
| Retained Earnings                   | \$ |
| Shareholders Equity                 | \$ |
| Net Income                          | \$ |
| Cash Flow From Operating Activities | \$ |

#### IV. COVERAGE SPECIFIC RISK INFORMATION

##### A. DIRECTORS AND OFFICERS AND ENTITY LIABILITY INFORMATION

###### 1. Ownership

- (a) Please complete the following information for the **Applicant** (attach additional sheets if needed):

| Names of director or officer shareholders, indicate name and title                                    | Voting shares owned |
|---|---------------------|
|   | %                   |
|   | %                   |
|   | %                   |
|   | %                   |
| List any shareholders (include any individual and corporate names) that are not directors or officers | Voting shares owned |
| <input type="checkbox"/>  | %                   |
| <input type="checkbox"/>  | %                   |
| <input type="checkbox"/>  | %                   |
| <input type="checkbox"/>  | %                   |

Please indicate, by checking the box (☐) in the table above, if related by family to another shareholder or to a director or officer of **Applicant**.

**2. Recent, Pending or Contemplated Changes**

- (a) Is the **Applicant** currently (or during the past 12 months has the **Applicant** been) in breach or in violation of any debt covenant? ☐ Yes ☐ No

If "Yes", please attach an explanation.

- (b) Has the **Applicant** in the past 24 months had any:
- (i) Public or private offering of securities? ☐ Yes ☐ No
- (ii) Unplanned change in directors or senior executive officers other than due to illness? ☐ Yes ☐ No
- (c) Is the **Applicant** currently anticipating any of the above? ☐ Yes ☐ No

If "Yes" to either of the above in Question 2(b) or 2(c), please attach a full description with details, including any private placement memoranda or any documents filed with the Securities and Exchange Commission in the past year.

**3. Past Activities**

- (a) Has the **Applicant** or any person proposed for coverage been the subject of, or been involved in, any of the following during the past five years:
- (i) Anti-trust, copyright or patent litigation? ☐ Yes ☐ No
- (ii) Deceptive trade practices or consumer fraud? ☐ Yes ☐ No
- (iii) Civil, criminal or administrative proceeding alleging violation of any federal or state securities laws? ☐ Yes ☐ No
- (iv) Any other criminal actions? ☐ Yes ☐ No

If the **Applicant** answered "Yes" to any of the above in Question 3(a), please attach a full description of the details.

- (b) Other than those identified in the **Applicant's** response to Question 3(a), has any claim been brought at any time during the last 5 years against (i) any **Applicant** or (ii) any proposed insured individual in his or her capacity as a director or officer of any entity? ☐ Yes ☐ No

If "Yes" please attach a full description of the details.

**B. EMPLOYMENT PRACTICES LIABILITY INFORMATION**

- |   | Current year | Previous year |
|---|--------------|---------------|
| 1. Employee count   |              |               |
| (a) Full time U.S. employees:                                 | _____        | _____         |
| (b) Part time U.S. employees (include leased and seasonal):   | _____        | _____         |
| (c) Number of employees in (a) and (b) located in California: | _____        | _____         |
| (d) Number of U.S. independent contractors:                   | _____        | _____         |
| (e) Number of outside U.S. employees:                         | _____        | _____         |

**2. U.S. Salary Ranges**

| Employee Salary Ranges | % in Range Current Year | % in Range Previous Year |
|------------------------|-------------------------|--------------------------|
| Up to \$60,000         |                         |                          |
| \$61,000 to \$120,000  |                         |                          |
| Over \$120,000         |                         |                          |

3. Policies and Procedures

(a) Questions for All **Applicants**

Does the **Applicant** have written procedures in place regarding:

- |   |  |
|---|--|
| (i) Equal Opportunity Employment                                | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (ii) Anti- Discrimination                                       | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (iii) Anti-Sexual Harassment                                    | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (iv) Employment at Will   | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (v) Progressive Discipline                                      | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (vi) Handling complaints of sexual harassment or discrimination | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (vii) ADA accommodations  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (viii) Background checks in hiring process                      | <input type="checkbox"/> Yes <input type="checkbox"/> No |

If the **Applicant** answered "No" to any of the above in Question 3(a) (i-vii) or if the **Applicant** answered "Yes" to Question 3(a)(viii), please attach a full explanation of the process and policies in place.

(b) Additional Policies and Procedures Questions for **Applicants** with **500** or more Employees

Does the **Applicant**:

- |   |  |
|---|--|
| (i) Distribute and document the receipt of its employee handbook to all employees?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (ii) Have written procedures in place that are distributed to each employee if the <b>Applicant</b> does not have an employee handbook? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (iii) Use any tests to screen <b>Applicants</b> or employees for continued employment or promotion?                                     | <input type="checkbox"/> Yes <input type="checkbox"/> No |

If "Yes", please attach an explanation.

- |   |  |
|---|--|
| (iv) Review all terminations with:  |  |
| • human resources?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • in-house counsel?   | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • outside counsel?  | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (v) Have a full-time human resources manager or department?   | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (vi) Conduct training regarding anti-discrimination and anti-sexual harassment policies and procedures? | <input type="checkbox"/> Yes <input type="checkbox"/> No |

If "Yes", is training conducted by:

- |                                  |  |
|----------------------------------|--|
| • In-house human resource staff? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • An outside vendor?             | <input type="checkbox"/> Yes <input type="checkbox"/> No |

If "No" to both of the above in Question 3 (b)(vi), please attach an explanation.

- |   |  |
|---|--|
| (vii) Have a written policy addressing social media in the workplace? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|---|--|

If "Yes", please attach a description.

(c) Additional Policies and Procedures Questions for **Applicants** with **1000** or more Employees

Does the **Applicant**:



- (i) Utilize outside counsel to review written policies and procedures? ☐ Yes ☐ No
- (ii) Review pay practices for inequities among protected classes in the workforce? ☐ Yes ☐ No
- (iii) Require written employment application from all job applicants? ☐ Yes ☐ No

If the **Applicant** answered "No" to any of the above in Question 3(c), please attach a full explanation

4. Third Party Liability Coverage

- (a) Does the **Applicant** have established written policies and procedures outlining employee conduct when dealing with third parties, including responding to complaints? ☐ Yes ☐ No
- (b) Have you ever had a claim brought against you by a customer, client, or any third party alleging harassment, discrimination, or civil rights violations? ☐ Yes ☐ No

**If yes, please attach a summary of all such claims describing the allegations, the court involved and any determination, judgment, defense cost or settlement for each.**

- (c) Have you ever received complaints from customers, clients, or any third party alleging harassment, discrimination, or civil rights violations? **If yes, please attach a summary of complaints** ☐ Yes ☐ No
- (i) How many complaints have you received in the past three years? \_\_\_\_\_
- (ii) How have they been resolved? \_\_\_\_\_
- (d) Do you have established procedures for handling third party complaints of discrimination or civil rights violations? ☐ Yes ☐ No  
If yes, please describe \_\_\_\_\_
- (e) Do you provide cultural sensitivity or diversity training for employees? ☐ Yes ☐ No  
If yes, please describe: \_\_\_\_\_
- (f) Do any of your employees work at customer locations? ☐ Yes ☐ No
- (i) If yes, please describe the situation and approximate number of employees.  
\_\_\_\_\_  
\_\_\_\_\_
- (ii) If yes above, do you review the customer's policies, procedures, training on harassment, discrimination, and/or civil rights violations? ☐ Yes ☐ No  
If yes, please describe the action you take if your review proves unsatisfactory  
\_\_\_\_\_
- (g) Approximately what percentage of your employees are in contact with customers, clients, or other third parties? \_\_\_\_\_
- (h) Do employees of any third party (i.e. security guards, etc.) perform services at your facilities? ☐ Yes ☐ No  
If yes, do you include them in the training described in question #5? ☐ Yes ☐ No
- (i) Do you extend credit to any customers? ☐ Yes ☐ No  
If yes, is it done internally or outsourced? \_\_\_\_\_  
If it is outsourced, do you require the same training as described in question # (f)? ☐ Yes ☐ No

- (j) What coverages are provided under your current general liability and umbrella policies for claims of discrimination and harassment brought by non-employees? \_\_\_\_\_
- (k) Do you have any franchise operations, leased employees or independent contractors? ☐ Yes ☐ No  
If yes, do you include them in the training discussed in question # (e)? ☐ Yes ☐ No
- (l) How are your employees compensated (salary, commissions, etc.)? \_\_\_\_\_  
Provide job descriptions and percentage of your staff who work on commission: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**5. Layoffs or Reduction in Workforce**

- (a) Has the **Applicant** during the past 12 months experienced (or is the **Applicant** planning in the next 12 months) layoffs or a reduction in workforce? ☐ Yes ☐ No  
If "Yes" and if layoffs or reduction in workforce are either 5% or more of the workforce or more than 50 employees, please respond to the following:
- (i) Attach a description of the **Applicant's** procedures for conducting a staff reduction and the management levels/positions involved in this procedure.
- (ii) Does the **Applicant** analyze whether protected classes will be adversely impacted as a result of a staff reduction? ☐ Yes ☐ No  
If yes, is the analysis reviewed by outside counsel? ☐ Yes ☐ No
- (iii) Does the **Applicant** utilize consistent criteria to determine which employees will be impacted? ☐ Yes ☐ No  
If "Yes", please attach a description of the criteria utilized, including whether reasons for selection are documented.
- (iv) Does the **Applicant** involve outside counsel to ensure that WARN (Worker Adjustment Retraining & Notification Act) and OWBPA (Older Worker Benefit Protection Act) requirements are met during staff reduction contemplation and implementation? ☐ Yes ☐ No
- (v) Does the **Applicant** have a written severance and waiver agreement in place? ☐ Yes ☐ No  
If no, please attach an explanation.

**6. Past Activities**

- (a) During the past three years has any **Applicant**, in any capacity, been involved in any of the following matters?
- (i) EEOC or other similar administrative proceeding? ☐ Yes ☐ No
- (ii) Employment-related civil suit or claim resulting in payment (including defense costs) over \$10,000? ☐ Yes ☐ No
- (iii) Any action or civil suit brought against them by a customer, client or third party alleging harassment, discrimination, or civil rights violations? ☐ Yes ☐ No
- If "Yes" to any of the above in Question 6(a), please attach a description of the details including date, type of claim, allegations, current status, defense costs incurred and any judgment or settlement amounts.

**C. FIDUCIARY LIABILITY COVERAGE INFORMATION**

**1. Plan Information**

- (a) In the table below, please list the names and types of **Applicant's** employee benefits plan(s). Attach additional pages if needed. (If the **Applicant** has an ESOP, please complete the Supplemental ESOP Application.)

| Plan names<br>(Do not include health & welfare plans) | Plan assets<br>(current year) | Type<br>of<br>plan* | (DB only) What is the current<br>funded % under the Pension<br>Protection Act? Indicate if "at risk" | Number of<br>plan<br>participants |
|---|-------------------------------|---------------------|--|-----------------------------------|
|   |                               |                     |  |                                   |
|   |                               |                     |  |                                   |
|   |                               |                     |  |                                   |

\*Defined Contribution (DC), Defined Benefit (DB), Employee Stock Ownership (ESOP), Excess Benefit or Top Hat (EBP)

- (b) Does the **Applicant** handle any investment decisions in-house? ☐ Yes ☐ No

If "Yes," please describe: \_\_\_\_\_

- (c) Are any plans NOT in compliance with plan agreements or ERISA? ☐ Yes ☐ No

If "Yes," please describe: \_\_\_\_\_

2. Past activities

- (a) In the past three years, has the **Applicant** merged, terminated, or frozen any plan(s)? ☐ Yes ☐ No

If yes, please attach details including transaction date, status of asset distribution, whether similar benefits are being offered, and name of insurance carrier if terminated plan benefits are secured by insurance.

- (b) Has any fiduciary been:

(i) accused, found guilty or held liable for a breach of trust? ☐ Yes ☐ No

(ii) convicted of criminal conduct? ☐ Yes ☐ No

- (c) Has there been any assessment of fees, fines or penalties under any voluntary compliance resolution program or similar voluntary settlement program administered by the IRS, DOL or other government authority against any plan? ☐ Yes ☐ No

- (d) Have any claims (other than for benefits under 29 C.F.R. § 2560.503-1(h) or similar procedures pursuant to applicable law) been made during the past five years against:

(i) any **Applicant**; ☐ Yes ☐ No

(ii) any benefit program; or ☐ Yes ☐ No

(iii) any past or present individual in his or her capacity as a fiduciary of any employee benefit plan? ☐ Yes ☐ No

If "Yes" to any of the above in Question 2, please attach a full description of the details.

**D. CRIME COVERAGE INFORMATION**

1. Number of U.S. locations: \_\_\_\_\_ Outside U.S. locations: \_\_\_\_\_ List countries: \_\_\_\_\_

2. Internal Controls

- (a) Does the **Applicant**:

(i) Allow the employees who reconcile the monthly bank statements to also sign checks or handle deposits? ☐ Yes ☐ No

If "Yes", please explain: \_\_\_\_\_

(ii) If a CPA letter to management has been issued, has management complied with all recommendations to address weaknesses? ☐ No letter issued; or ☐ Yes ☐ No  
If "No", please attach an explanation.

(iii) Does the **Applicant** perform pre-employment reference checks for all its potential employees? ☐ Yes ☐ No

(b) Do the **Applicant's** external audits include all of its locations, subsidiaries, and joint ventures? ☐ Yes ☐ No

If "No", please explain \_\_\_\_\_

(c) Are international and domestic purchasing, inventory and payable procedures and controls consistent? ☐ Yes ☐ No

If "No", please attach an explanation.

If applicable to the **Applicant's** business, please answer Questions 2(d) through 2(h)

(d) How often does the **Applicant** perform a physical inventory check of stock and equipment? \_\_\_\_\_

(e) Who performs these reconciliations? \_\_\_\_\_

(f) Does the **Applicant** conduct perpetual inventory of stock, including raw materials, manufactured or purchased goods/scrap maintained? ☐ Yes ☐ No

(g) Does the **Applicant** use precious metal, gemstone or other high value items in the course of its business? ☐ Yes ☐ No

If "Yes", please complete a Precious Metals Supplementary Application.

(h) Does the **Applicant**:

(i) Maintain a list of authorized vendors? ☐ Yes ☐ No

(ii) Have a procedure in place to verify the existence and ownership of new vendors prior to adding them to the authorized master vendor list? ☐ Yes ☐ No

(iii) Allow the same individual who verifies the existence of vendors to also have the authority to edit the authorized master vendor list? ☐ Yes ☐ No

(iv) Verify invoices against a corresponding purchase order, receiving report and the authorized master vendor list prior to issuing payment? ☐ Yes ☐ No

(v) Strictly comply with dual recorded authorization for all outgoing electronic funds transfers? ☐ Yes ☐ No

### 3. Independent Contractors

(a) Number of independent contractors (natural persons only): \_\_\_\_\_

(b) Are reference checks performed for independent contractors? ☐ Yes ☐ No

If "No", please explain: \_\_\_\_\_

(c) Do independent contractors have custody or control over any funds, accounts or property of the **Applicant**? ☐ Yes ☐ No

If "Yes", please explain: \_\_\_\_\_

(d) Are independent contractors subject to the same internal control procedures that apply to the **Applicant's** employees? ☐ Yes ☐ No

If "No", please explain: \_\_\_\_\_

### 4. Client Services

(a) Please describe the services the **Applicant** provides for clients: \_\_\_\_\_

- (b) Does the **Applicant** have custody or control over any funds, accounts, or materials of any of its clients? ☐ Yes ☐ No

If "Yes", please describe (attach separate sheet if necessary): \_\_\_\_\_

5. Please provide a breakdown of the **Applicant's** key employees in the chart below:

| Position         | # of Employees | Position           | # of Employees | Position                      | # of Employees |
|------------------|----------------|--------------------|----------------|-------------------------------|----------------|
| General Manager  |                | Dealers            |                | Office Managers               |                |
| Controller       |                | Bookkeepers        |                | Warranty Claim Administrators |                |
| Service Managers |                | Automotive Billers |                | Clerks (all other)            |                |

**CASH AND CHECKS:**

6. Is a cash receipts ticketing system in place which uses pre-numbered and controlled forms? ☐ Yes ☐ No  
If "Yes", is cash received from customers also segregated and tagged with the corresponding customer invoice or reference to a contract in transit? ☐ Yes ☐ No
7. Does the **Applicant's** Dealer Management System time stamp cash and checks received from customers? ☐ Yes ☐ No  
If "Yes", are the time stamps reviewed by the person reconciling the cash drawer? ☐ Yes ☐ No
8. What is the approximate weekly balance for un-deposited cash and checks on hand?  
Cash: Average: \$\_\_\_\_\_ Maximum: \$\_\_\_\_\_ Checks: Average \$\_\_\_\_\_ Maximum: \$\_\_\_\_\_
9. Is the cash drawer reconciled nightly by someone not authorized to accept cash? ☐ Yes ☐ No
10. Is cash received segregated in its own Cash Receipts Journal, separate from the General Ledger? ☐ Yes ☐ No
11. Are dual signatures required on all checks? ☐ Yes ☐ No  
If "No", is there an amount over which they are required? ☐ Yes ☐ No  
If "Yes", please indicate the amount: \$\_\_\_\_\_
12. Can anyone other than the Dealer Principal or General Manager sign a check? ☐ Yes ☐ No
13. Are checks allowed to be made payable to "cash", "bearer" or "currency"? ☐ Yes ☐ No  
If "Yes", what process is in place to monitor and reconcile the use of the proceeds?  
(Attach additional sheets if necessary)
14. Are all manual checks (those issued outside of the accounts payable system) reviewed by management? ☐ Yes ☐ No

**PREMISES / INVENTORY / FIXED ASSETS:**

15. Are all deposits that are held overnight placed in a safe? ☐ Yes ☐ No
16. Does the **Applicant** maintain an alarm system with video surveillance? ☐ Yes ☐ No  
If "Yes", is the safe within view of the surveillance cameras? ☐ Yes ☐ No
17. How often are high value items such as tools, tires, electronics and other portable equipment physically inventoried? \_\_\_\_\_
18. How often is a floor plan audit performed? Monthly \_\_\_\_\_ Semimonthly \_\_\_\_\_ Other \_\_\_\_\_
19. Are all transactions with wholesalers and auctions completed using EFT or Wire Transfer? ☐ Yes ☐ No

20. Are all wholesale transactions verified by someone not authorized to purchase or sell inventory? ☐ Yes ☐ No

**F & I DEPARTMENT:**

21. Does the **Applicant** provide in-house financing or directly extend credit to customers? ☐ Yes ☐ No  
If "Yes", does the **Applicant** accept payments by these customers in cash? ☐ Yes ☐ No
22. Is a month end schedule of outstanding contracts in transit prepared and reviewed with the Finance and Insurance (F&I) Department for irregularities or abnormal aging of contracts? ☐ Yes ☐ No

**PAST ACTIVITIES:**

Please attach a list all employee theft, forgery, computer fraud or other crime losses discovered by the **Applicant** in the last 5 years, itemizing each loss separately. Include date of loss, description and total amount of loss; or indicate NONE . ☐

**E. KIDNAP, RANSOM & EXTORTION COVERAGE INFORMATION**

1. Please complete the following information regarding the **Applicant's** risk profile

| Country | Number of employees | Number of Independent Contractors | Type of operation or, if no in-country operations, average stay | If no in-country operations, number of annual trips | Number of Locations |
|---------|---------------------|-----------------------------------|---|---|---------------------|
|         |                     |                                   |   |   |                     |
|         |                     |                                   |   |   |                     |
|         |                     |                                   |   |   |                     |
|         |                     |                                   |   |   |                     |

For Question 1 above, please attach a separate schedule of locations/travel if needed.

2. (a) Describe the **Applicant's** security precautions at overseas locations and during outside U.S. travel, including use of security consultants: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (b) Do these security precautions apply to independent contractors? ☐ Yes ☐ No  
If "No", please attach an explanation.

3. Past Activities

Please attach a list of all kidnapping, extortion threats, cyber extortion, hijacking, wrongful detention, or political threats discovered by the **Applicant** in the last five years, itemizing each loss separately. Check if NONE: ☐

**V. WARRANTY: PRIOR KNOWLEDGE OF FACTS/CIRCUMSTANCES/SITUATIONS**

1. The **Applicant** must complete the warranty statement below:

- For any **Liability** Coverage Part for which coverage is requested and is not currently purchased, as indicated in Section II, INSURANCE INFORMATION, Question 1 of this Application; or
- If the **Applicant** is requesting larger limits than are currently purchased, as indicated in Section II, **INSURANCE INFORMATION**, Question 1 of this Application.

The statement applies to those coverage types for which no coverage is currently maintained; and any larger limits of liability requested.

For Alaska, Florida, Georgia, Kansas, Kentucky, Maine, Nebraska, New Hampshire, North Carolina, Oklahoma, Oregon, South Dakota, Virginia, Washington and West Virginia Residents ONLY: the title of this section and any other reference to "Warranty" is deleted and replaced with "**Applicant** Representation".



No person or entity proposed for coverage is aware of any fact, circumstance, or situation which he or she has reason to suppose might give rise to any claim that would fall within the scope of the proposed Liability Coverage Part(s):

NONE ☐ or, except \_\_\_\_\_

Without prejudice to any other rights and remedies of the Company, the **Applicant** understands and agrees that if any such fact, circumstance, or situation exists, whether or not disclosed in response to Question 1 above, any claim or action arising from such fact, circumstance, or situation is excluded from coverage under the proposed policy, if issued by the Company.

#### **VI. MATERIAL CHANGE**

If there is any material change in the answers to the questions in this New Business Application before the policy inception date, the **Applicant** must immediately notify the Company in writing, and any outstanding quotation may be modified or withdrawn.

#### **VII. DECLARATIONS, FRAUD WARNINGS AND SIGNATURES**

The **Applicant's** submission of this New Business Application does not obligate the Company to issue, or the **Applicant** to purchase, a policy. The **Applicant** will be advised if the Application for coverage is accepted. The **Applicant** hereby authorizes the Company to make any inquiry in connection with this Application.

The undersigned authorized agents of the person(s) and entity(ies) proposed for this insurance declare that to the best of their knowledge and belief, after reasonable inquiry, the statements made in this Application and in any attachments or other documents submitted with this Application are true and complete. The undersigned agree that this Application and such attachments and other documents shall be the basis of the insurance policy should a policy providing the requested coverage be issued; that all such materials shall be deemed to be attached to and shall form a part of any such policy; and that the Company will have relied on all such materials in issuing any such policy.

The information requested in this New Business Application is for underwriting purposes only and does not constitute notice to the Company under any policy of a Claim or potential Claim.

**Notice to Alabama and Maryland Applicants:** Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**Notice to Arkansas, New Mexico and Ohio Applicants:** Any person who, with intent to defraud or knowing that he/she is facilitating a fraud against an insurer, submits an application or files a claim containing a false, fraudulent or deceptive statement is, or may be found to be, guilty of insurance fraud, which is a crime, and may be subject to civil fines and criminal penalties.

**Notice to Colorado Applicants:** It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policy holder or claimant for the purpose of defrauding or attempting to defraud the policy holder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory agencies.

**Notice to District of Columbia Applicants:** WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits, if false information materially related to a claim was provided by the applicant.

**Notice to Florida Applicants:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

**Notice to Kentucky Applicants:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

**Notice to Louisiana and Rhode Island Applicants:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**Notice to Maine, Tennessee, Virginia and Washington Applicants:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

**Notice to New Jersey Applicants:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**Notice to Oklahoma Applicants:** WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

**Notice to Oregon and Texas Applicants:** Any person who makes an intentional misstatement that is material to the risk may be found guilty of insurance fraud by a court of law.

**Notice to Pennsylvania Applicants:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

**Notice to Puerto Rico Applicants:** Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation with the penalty of a fine of not less than five thousand (5,000) dollars and not more than ten thousand (10,000) dollars, or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances are present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

**Notice to New York Applicants:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to: a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

|   |
|---|
| <b>SIGNATURE OF APPLICANT'S AUTHORIZED REPRESENTATIVE</b> |
|---|

**Date**

**Signature\***

**Title**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\*This New Business Application must be signed by the chief executive officer, president, or chief financial officer of the **Applicant's** parent organization acting as the authorized representatives of the person(s) and entity(ies) proposed for this insurance.



Produced By:

Agent (Print & Sign): \_\_\_\_\_

Agency: \_\_\_\_\_

Agency Taxpayer ID or SS No.: \_\_\_\_\_ Agent License No.: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Submitted By:

Agency: \_\_\_\_\_

Agency Taxpayer ID or SS No.: \_\_\_\_\_ Agent License No.: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

|                      |  |                 |                           |
|----------------------|--|-----------------|---------------------------|
| State:               | District of Columbia                               | Filing Company: | Federal Insurance Company |
| TOI/Sub-TOI:         | 17.0 Other Liability-Occ/Claims Made/17.0022 Other |                 |                           |
| Product Name:        | SeaFire Automotive and Vehicle Dealers Application |                 |                           |
| Project Name/Number: | /15-PL-170-F                                       |                 |                           |

## Supporting Document Schedules

|                  |                         |
|------------------|-------------------------|
| Bypassed - Item: | Readability Certificate |
| Bypass Reason:   | N/A                     |
| Attachment(s):   |                         |
| Item Status:     |                         |
| Status Date:     |                         |

|                  |                          |
|------------------|--------------------------|
| Bypassed - Item: | Consulting Authorization |
| Bypass Reason:   | N/A                      |
| Attachment(s):   |                          |
| Item Status:     |                          |
| Status Date:     |                          |

|                  |                         |
|------------------|-------------------------|
| Bypassed - Item: | Copy of Trust Agreement |
| Bypass Reason:   | N/A                     |
| Attachment(s):   |                         |
| Item Status:     |                         |
| Status Date:     |                         |

|                  |   |
|------------------|---|
| Bypassed - Item: | Expedited SERFF Filing Transmittal Form |
| Bypass Reason:   | N/A                                     |
| Attachment(s):   |   |
| Item Status:     |   |
| Status Date:     |   |